

Message Text

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PAGE 01 BREMEN 00455 271812Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02
SOE-02 OMB-01 DOE-15 /126 W
-----104230 271818Z /44

P R 271524Z JUL 78
FM AMCONSUL BREMEN
TO SECSTATE WASHDC PRIORITY 2691
DEPT OF AGRICULTURE, WASHDC PRIORITY
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION GENEVA

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STATE PASS STR
AGRICULTURE PASS OYLOE, ANDREWS AND FRINK, FAS
GENEVA FOR MTN
BONN FOR AGRICULTURAL ATTACHE
BRUSSELS FOR USEC

E.O. 11652: N/A
TAGS: EAGR, EEC, GW
SUBJECT: REDUCTION OF EUROPEAN COMMUNITY DUTIES ON TOBACCO
PRODUCTS

1. GERMAN TOBACCO MANUFACTURING INDUSTRY HAS NOTED WITH
CONSTERNATION THAT, ACCORDING FEDERAL ECONOMICS MINISTRY,
USG HAS REQUESTED REDUCTION OF EC TARIFFS ON TOBACCO PRODUCTS
(BTN 24.02) IN CURRENT MULTILATERAL TRADE NEGOTIATIONS UNDER
GATT.

2. MAJOR CONCERN OF GERMAN INDUSTRY IS THAT THIS REQUEST
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COULD JEOPARDIZE THE MORE MORE IMPORTANT U.S. MOVE TO OBTAIN
ELIMINATION OF THE SPECIAL EC TARIFF ON HIGH-PRICED TOBACCO
(BTN 24.01 A) AND A REDUCTION OF THE "NORMAL" TARIFF
(BTN 24.01 B), BOTH WHICH ARE BEING SUPPORTED ACTIVELY BY
GERMAN INDUSTRY.

3. GERMAN INDUSTRY REPRESENTATIVES POINT OUT THAT POSSIBLE

EC CONCESSIONS ON TOBACCO PRODUCT TARIFFS (NON-PREFERENTIAL RATES: CIGARETTES - 90 PERCENT; CIGARS - 52 PERCENT, AND SMOKING TOBACCO - 117 PERCENT) WOULD BE OF DOUBTFUL VALUE SINCE REMAINING RATES, WHICH WOULD BE ESCALATED BY AD VALOREM EXCISE TAX AND VAT, WOULD MAKE TOBACCO PRODUCTS IMPORTED FROM THIRD COUNTRIES PRACTICALLY NON-COMPETITIVE IN THE GERMAN MARKET. FURTHERMORE, THEY POINT OUT THAT LEADING U.S. CIGARETTE MANUFACTURERS HAVE THEIR OWN PRODUCTION FACILITIES IN THE EC AND THAT U.S. CIGAR BRANDS ARE BEING PRODUCED UNDER LICENSE IN THE EC. THE LARGEST CIGAR MAKER IS A PARTNER OF A DUTCH CIGAR MANUFACTURER. IN OTHER WORDS, GERMAN TOBACCO MANUFACTURERS CONTEND THAT THE EFFECT OF ANY EC CONCESSION ON TOBACCO PRODUCTS TARIFFS WOULD PRACTICALLY BE NIL, THAT THE EC AUTHORITIES KNOW THIS, BUT THAT THE GRANTING OF SUCH A CONCESSION BY THE EC WOULD MAKE IT MORE DIFFICULT FOR THE USG TO OBTAIN A TARIFF CONCESSION FROM THE EC ON RAW TOBACCO.

4. IN ADDITION TO ABOVE, A SPOKESMAN OF THE GERMAN CIGAR INDUSTRY POINTED OUT THAT CIGAR MAKING IS STILL TO A SIGNIFICANT DEGREE A MANUAL CRAFT IN WEST GERMANY. HIS INDUSTRY EMPLOYS NEARLY HALF (ABOUT 12,000) OF ALL WORKERS EMPLOYED BY THE GERMAN TOBACCO MANUFACTURING INDUSTRY. ANY INROADS ON THE GERMAN CIGAR MARKET BY IMPORTED THIRD COUNTRY CIGARS WOULD MEAN THE LOSS OF JOBS. THE SPOKESMAN CLAIMS THAT THIS WOULD BE INCOMPATIBLE WITH THE RENEWED EMPHASIS LIMITED OFFICIAL USE

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OF THE FEDERAL GOVERNMENT ON POLICIES TO COMBAT UNEMPLOYMENT. SPOKESMAN ALSO CLAIMS TO HAVE UNOFFICIAL ASSURANCE FROM THE ECONOMICS MINISTRY THAT THEREFORE THE MINISTRY WOULD AT LEAST NOT SUPPORT THE USG REQUEST FOR A REDUCTION OF CIGAR IMPORT DUTIES.

5. CONTENTS OF THIS MESSAGE HAVE BEEN CLEARED WITH AGATT, AMEMBASSY, BONN. SCHIFFMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
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